

## NEWS

### Wesfarmers Insurance Results – Half Year to Dec 31 2009

Wesfarmers Insurance reported an improvement in underwriting performance for the half year to Dec 31 2009 driven by improvements in the Lumley businesses.

The impact of lower interest rates on investments and losses associated with builders warranty resulted in lower reported earnings before interest, tax and amortisation (EBITA) of \$63 million compared to \$75 million for the corresponding period last year.

Wesfarmers Insurance Managing Director, Rob Scott said, “It is pleasing to see the benefits of the Lumley turnaround start to translate into improved underwriting margin with an underlying \$15m improvement on the prior corresponding period. This improvement was driven primarily by recent portfolio remediation, improved risk selection and premium rate increases.”

The generally benign weather conditions in Australia and New Zealand were a factor in the improved underwriting margin, however WFI experienced higher than expected bushfire and crop claims.

Revenue increased modestly to \$868m after allowing for Lumley’s exit from some unprofitable classes and lower interest income of \$19 million.

Broking EBITA for OAMPS Australia, Crombie Lockwood in New Zealand and OAMPS United Kingdom was \$25m compared to \$28m for the corresponding period last year. Mr Scott said, “Broking earnings were constrained by lower interest rates, movements in exchange rates and challenging economic conditions. Whilst conditions are challenging, our businesses are in good shape. We have also made investments in talent and systems which will help deliver a stronger proposition to our clients whilst delivering growth in revenues.”

Mr Scott said, “Looking ahead, further benefits are expected from business improvement initiatives and rising interest rates. In the last six months we kicked off a number of growth initiatives and will continue to assess bolt-on acquisitions. The Commercial market remains competitive and the prospect of severe weather events remains the key risk to earnings.”

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Attach: Insurance Performance Summary, EBITA Comparison; Underwriting Performance Summary, Broking Performance Summary

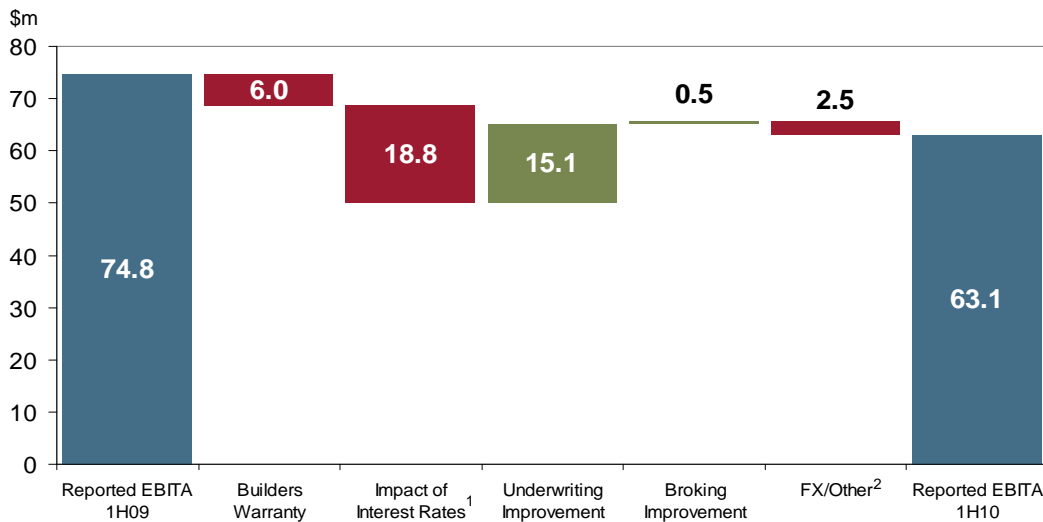
## Insurance Performance Summary

Half Year ended 31 December (\$m)	2009	2008 <sup>^</sup>	↑ %
<b>Revenue</b>	<b>868</b>	864	0.5
EBITA Underwriting	<b>38</b>	47	(19.1)
EBITA Broking	<b>25</b>	28	(10.7)
EBITA Other*	-	-	-
<b>EBITA Insurance Division</b>	<b>63</b>	75	(16.0)
EBIT Insurance Division	<b>58</b>	67	(13.4)
Net Earned Loss Ratio (%)	<b>64.2</b>	68.9	4.7 pt
Combined Operating Ratio (%)	<b>97.0</b>	98.7	1.7 pt
EBITA Margin (Broking) (%)	<b>25.2</b>	27.2	(2.0) pt

\* Other includes other activities and corporate costs

<sup>^</sup> Restated as a result of reallocation of corporate costs to Other

## EBITA Comparison



1. Impact of lower interest rates on fixed income investments (excludes hedge on OCR)

2. Impact of weakening GBP/AUD and NZD/AUD exchange rates and other items

## Underwriting Performance Summary

Half Year ended 31 December (\$m)	2009	2008 <sup>^</sup>	↑↓ %
Gross Written Premium	680	679	0.1
Net Earned Premium	521	513	1.6
Net Claims	(334)	(353)	5.4
Net Commission and Expenses	(171)	(153)	(11.8)
Underwriting Result	16	7	228.6
Insurance Margin	29	35	(17.1)
<b>EBITA</b>	<b>38</b>	<b>47</b>	<b>(19.1)</b>
EBIT	38	45	(15.6)
Net Earned Loss Ratio (%)	64.2	68.9	4.7 pt
Combined Operating Ratio (%)	97.0	98.7	1.7 pt
Insurance Margin (%)	5.7	6.9	(1.2) pt

<sup>^</sup> Restated as a result of reallocation of corporate costs to Other

## Broking Performance Summary

Half Year ended 31 December (\$m)	2009	2008 <sup>^</sup>	↑↓ %
Commission and Fee Income	90	92	(2.2)
Other Income	10	12	(16.7)
Total Income	100	104	(3.8)
Expenses	(75)	(76)	1.3
<b>EBITA</b>	<b>25</b>	<b>28</b>	<b>(10.7)</b>
Amortisation of Identifiable Intangible Assets	(5)	(6)	16.7
EBIT	20	22	(9.1)
EBITA Margin (%)	25.2	27.2	(2.0) pt

<sup>^</sup> Restated as a result of reallocation of corporate costs to Other